

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

September 23, 2014

Tax and Fee Relief for Businesses Impacted by Transit Construction

The Los Angeles County Metropolitan Transportation Authority (Metro) is currently spearheading significant infrastructure expansion, with new light and underground rail under construction throughout the region. Metro-sponsored projects include the Crenshaw/LAX Line, the Regional Connector and the Purple Line Westside Extension. While these projects are anticipated to provide significant economic benefit to the surrounding local communities and the entire region once they are completed, construction activities can create fiscal hardships and operational challenges on adjacent businesses.

For example, once it is completed in 2019, the Crenshaw/LAX Line will provide a critical connection within Metro's regional transit network, connecting the Exposition and Green Lines over an 8.5 mile alignment that will run through South Los Angeles, Inglewood, and the South Bay. However, since construction has ramped up this past spring, access to some businesses along the alignment have been significantly impacted, adjacent parking has been removed, and excessive noise and dust has made the retail experience less pleasant. These circumstances have resulted in stores, shops and restaurants along Crenshaw Boulevard losing valuable foot traffic and customers, and these businesses have expressed concerns regarding the significant loss of associated sales.

Despite a loss in revenue, businesses are still required to pay a variety of fees and taxes that do not take into consideration the temporary hardship they are facing.

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The Treasurer and Tax Collector has advised that a temporary waiver of sales tax would require a change to the California Revenue and Taxation Code, and that a business license fee waiver would have to be granted by the respective city government, since the entire line falls within the cities of Los Angeles' and Inglewood's jurisdiction. In addition, the Interim Assessor has advised that based on Proposition 8, a property owner can apply for a temporary reduction in assessed value when a real property suffers from a decline in value, such as potentially created through proximate transit-related construction.

In order to mitigate the impact, specifically on small businesses, during transit-related construction, the County of Los Angeles should actively inform property owners about their right to a Decline-in-Value Review, as well as pursue legislative remedies to temporarily waive or reduce all other applicable taxes and fees.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Direct the Chief Executive Officer, Treasurer and Tax Collector, and Interim Assessor, to work with Los Angeles County's State legislative advocates, the Los Angeles County Metropolitan Transportation Authority and local cities to seek all appropriate legislation that would temporarily reduce or waive taxes and fees imposed on impacted businesses during transit-related construction activities; and
2. Direct the Interim Assessor to work in coordination with the Los Angeles County Metropolitan Transportation Authority to immediately initiate outreach activities to businesses impacted by transit-related construction activities in order to inform them of the Proposition 8/Decline-in-Value Review process.